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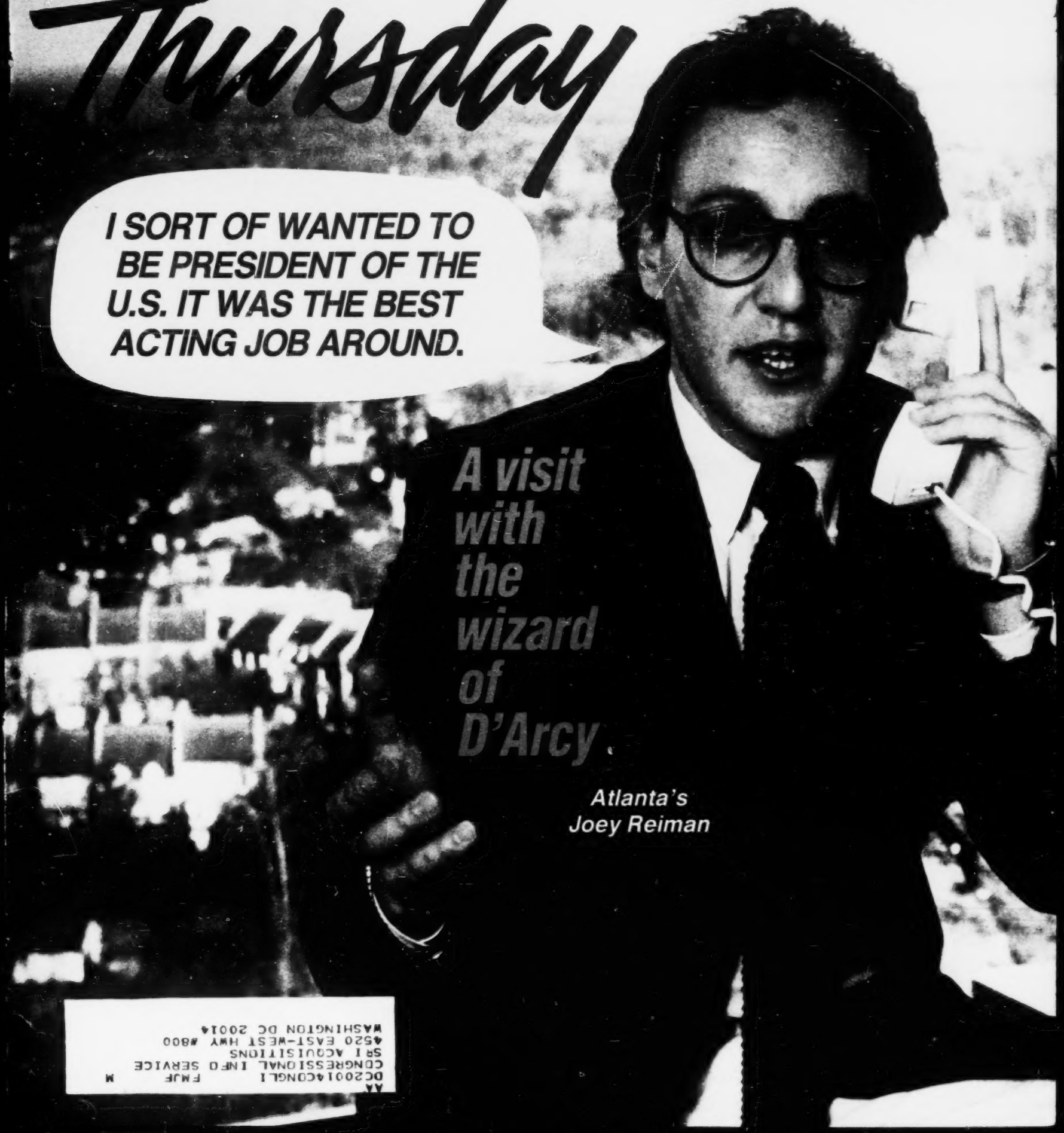
March 7, 1985

Advertising Age®

Thursday



A visit with the wizard of D'Arcy.

Atlanta's Joey Reiman

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DC2001ACONGLI FMJF M
CONGRESSIONAL INFO SERVICE
SRI ACQUISITIONS
4520 EAST-WEST HWY #800
WASHINGTON DC 20014

In the news

Scali stacks up for Volvo

Volvo, the production crew from Scali, McCabe, Sloves and a Swedish crane operator called it a day at seven—seven Volvo station wagons stacked one on top of another. The scene appears in Volvo's current tv spots. *See Page 4.*

D'Arcy's Atlanta wizard

In what Joey Reiman calls the "fairy tale business" of advertising, he became the "wizard" at D'Arcy's Atlanta outpost. One observer calls the shop's 31-year-old executive creative director "brilliant. D'Arcy's won eight accounts in the past year, thanks to him." *See Page 5.*

Advertising Age
Thursday
I SORT OF WANTED TO BE PRESIDENT OF THE U.S. IT WAS THE BEST ACTING JOB AROUND.
A visit with the wizard of D'Arcy

Cover photo: Arnold Adler

Party time

Uncle Milty was there. So was Hef. The occasion was a *Time* party in Beverly Hills honoring Hollywood luminaries who have appeared on the magazine's cover. *See Page 8.*

Container Corp. great idea

Container Corp. of America has donated its "Great Ideas of Western Man" collection of original art to the Smithsonian. *See Page 9.*

Wary of 15s

"The 15-second ad is advertising without foreplay," jokes Marschalk's Marshall Karp, who has learned the confines of the 15. *See Page 63.*

Special Report

Action! That's always been the promise of direct marketing, and now that promise is coming true as direct-response marketing continues to mature. Direct and general agencies are combining their skills for marketing strategies and campaigns that take the best from both worlds. *Direct Marketing Special Report begins on Page 13.*

Robots: Toys for yuppies?

By JAMES P. FORKAN

Tomy Corp., one of several toy marketers scoring last year with transformable robot figures, now is ready to tackle the robotic market's high end with a line of electronic robots.

The Carson, Cal.-based Tomy has allocated $5 million to advertise the Omni 2000, the Omnibot and the Chatbot on tv and in print. The campaign, in a lighthearted vein, starts later this year, via Keye/Donna/Pearlstein, Los Angeles (AA, Feb. 11). The efforts will be mainly tv, but each will be supplemented by a heavy print followup campaign.

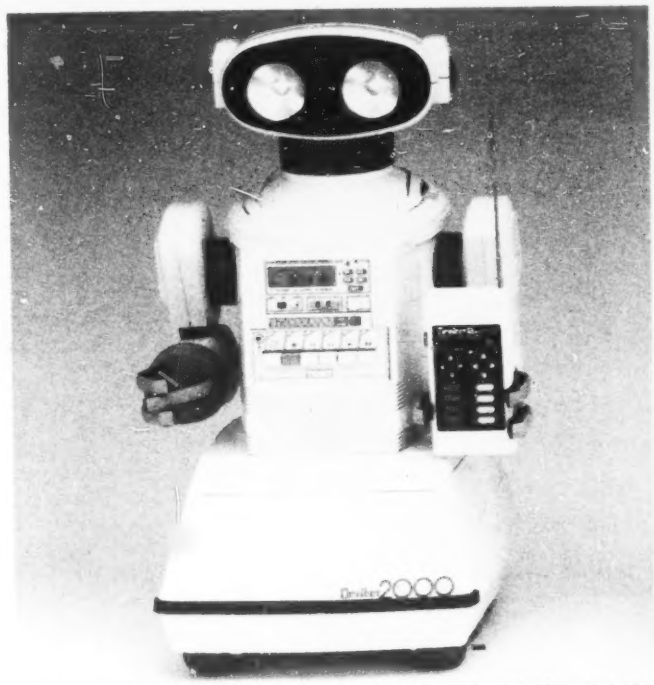
According to the agency's Paul Doupe, vp-management supervisor, and Debra Niemann, vp-account supervisor, the tv support for Omnibot will break this spring, followed in the fall by Omni 2000 and Chatbot advertising. The Omnibot and Omni 2000, as suggested by their retail price range ($200 to $250 for the former, $500 for the latter), are electronic playthings for young, upscale professionals, while the Chatbot will be directed at children. All three products will be referred to at the close of the commercials as a "State-of-the-fun robot," making that, in effect, the campaign theme.

The agency execs said they had the most fun with the Omni 2000 and Omnibot spots while the Chatbot commercial, entitled "Clubhouse," was, in their view, least creative, given what they called its "kid network legal" content.

The Omnibot spot, entitled "Urban," is subdivided into three vignettes, in which the 18-in. remote-control robots are shown wearing hats and other accessories to give them different personalities. One segment shows a group of the robots on a New York City subway station—even including a "bag lady"—while another vignette shows one Omnibot serving others drinks at poolside, as one Hollywood type tells another "Have your agent call my agent."

The idea was to turn the robots into personalities and emphasize their entertainment value, rather than simply have copy say "This is a robot, this is what it does," said Ms. Niemann. The robots are "essentially high-tech home entertainment products," more than "functional" products, Mr. Doupe added. The Omni 2000 especially is aimed at relatively upscale males in the 25-to-49 age bracket, as "one of those products for the person who has everything," said

(Continued on Page 63)



Omnibot 2000. Everything you've heard is true.

High technology electronics makes Omnibot 2000 our most versatile and advanced robot. And most personable. A motorized head and flashing headlight eyes give the 26 inch Omnibot 2000 true charisma.

His fully articulated right arm and grasping hand can lift an object off a table, carry it and set it down. Add his motorized tray and this high-tech humble servant can pour and serve drinks. He has two speeds and can move in every direction over any surface, including shag carpeting.

You can even pre-program Omnibot 2000 for wake up duty. Just set the day and time on his 7 day, 24 hour timer tape memory, show him the path to follow and record your morning message. Or put in your

Part of the "state-of-the-fun" robot line from Tomy Corp. is the Omni 2000, a $500 product that should be a hit at yuppie parties, given its ability to play audio-cassettes as well as pour and serve drinks.

Presstime

JWT gets Nestle Morsels

WHITE PLAINS, N.Y.—Nestle Co. has assigned its estimated $16 million Morsels candy business to J. Walter Thompson USA, New York. The account was at Leo Burnett USA, Chicago, which resigned both it and the Taster's Choice coffee account, together worth $40 million, when it won substantial M&M/Mars business.

Seven-Up revives 'Uncola'

ST. LOUIS—Seven-Up Co. revived its "Uncola" positioning March 6 in a new radio and tv campaign themed "The Un's the one." N W Ayer, New York, handles.

'We Are World' released

LOS ANGELES—Columbia Records today will release the single "We Are the World" by the all-star group USA for Africa. The bulk of net proceeds will go toward African famine relief, but Columbia, which also distributed "Do They Know It's Christmas?" by U.K. group Band Aid, said 10% will go to the U.S. hungry and homeless.

Strike may jar tv season

HOLLYWOOD—A strike by tv and movie writers, which began March 5, will delay the start of the new season next fall if it isn't settled by late April, sources say here. For the tv networks, the walkout is expected to cut short some new limited series airing this spring and summer, as well as force some daytime serials into reruns. However, a spokesman for Procter & Gamble said tv's largest advertiser plans to keep its serials in production. Meanwhile, actors in tv commercials won a "moderate increase" in fees in a tentative pact reached this week with ad industry negotiators. The new pact must still be ratified by the boards of the Screen Actors Guild and the American Federation of Television & Radio Artists.

Post Co. eyes New Yorker

NEW YORK—Washington Post Co. is said to be considering the possibility of bidding for The New Yorker Magazine Inc., which is examining a takeover bid from S.I. Newhouse Jr.'s Advance Publications (AA, Feb. 14, *et seq.*).

K mart to tag Smith again

TROY, MICH.—K mart Corp. is planning to widen its use of actress Jaclyn Smith as an advertising pitchwoman. Ms. Smith now promotes only a fall line of women's sportswear. But K mart is planning Jaclyn Smith lines of spring swimwear and fall lingerie for 1986 and is considering maternity, children's and outerwear lines later. Ross Roy Inc., Detroit, handles the sportswear line.

Ad ban sinks in Hawaii

WASHINGTON—Alcohol advertising opponents have suffered another grass-roots setback with state senators in Honolulu killing a bill that would have outlawed all liquor advertising via newspapers, outdoor boards, radio and tv. The Hawaii bill withered in committee under heat from the state's publishers, broadcasters, advertisers and ad agencies. Similar legislative thrusts already have failed in Georgia and Montana, but the American Advertising Federation reports alcohol

(Continued on Page 63)

REGULAR FEATURES

ADVERTISING MARKETPLACE	59
BRADY	56
CONTRACT SPORTS	6
IN THE NEWS	63
GOING PLACES	7
LETTERS	61
PARTING SHOT	58
PEOPLE PATTERNS	58
PHOTO REVIEW	8
REGIONAL UPDATE	62
WORDS FROM GARTNER	56
WORLD NEWS WIRE	63

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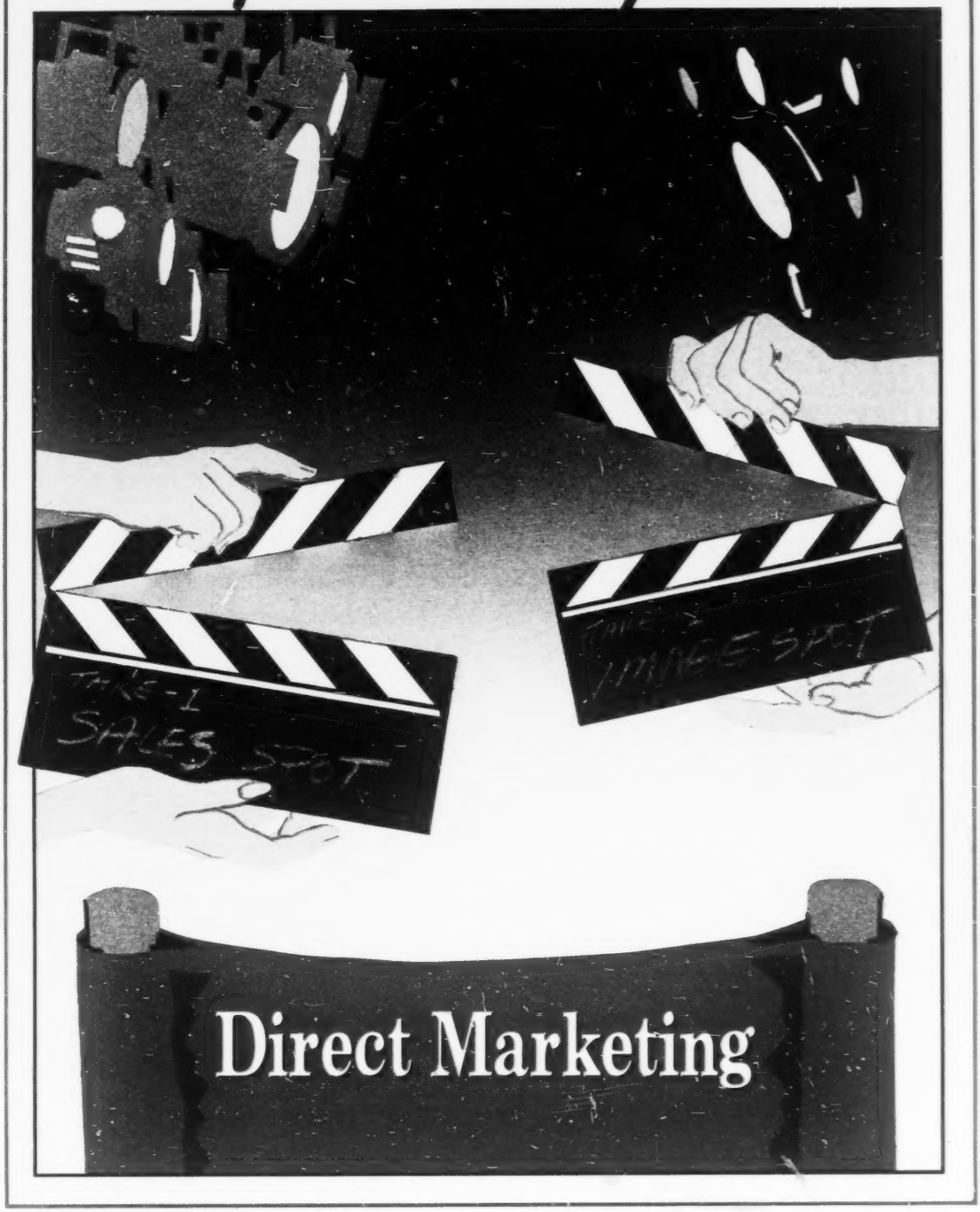
Special Report



Jeffrey Toth

Taking the best of both scenes

By Len Strazewski

Action!
That's been the promise of direct marketing since it started to develop in a big way during the media-minded 1970s.

Though direct marketing was seen by many as a competitor to traditional retail product distribution and the name and image advertising used by manufacturers and retailers, direct marketing continued to grow, taking advantage of innovations in mail testing, telemarketing and computerized databases.

In the integrative 1980s, direct marketing is making great strides toward equality with traditional ad techniques and the companies that use them. Generating more than $12 billion in annual product sales and continuing payments for services, according to a study conducted by Simmons Market Research Bureau for the Direct Marketing Assn., direct marketing is now about one-third the size of the U.S. retail distribution system.

As a result, direct marketing has earned respect, and more product marketers are adding a direct response element to tv and print advertising, seeking the satisfactions of immediate sales and market development.

More retailers are starting catalog sales operations, noting the synergy between direct sales and store traffic.

And more direct marketers are realizing that "action" involves more than moving a few record albums and steak knives; it includes long-term promotion of product names and quality images with state-of-the-art creative efforts.

The philosophy is called "integrative marketing," and the campaigns are not only spots and ads, but also all-purpose programs designed to reach consumers on all levels.

"It's absolutely true—on several levels," says Richard Colligan, chairman of the direct marketing agency Stone & Adler, Chicago. "One of the motivations is measurement. Major marketers are obviously interested in better measuring the markets they address.

"There's more pressure on both general and direct marketing agencies to use ad budget dollars more effectively, and to do that, you need better research. And direct marketing techniques are well-known for the information response they provide."

By adding a direct mail or direct response feature, marketers learn more about the demographics of their buyers and are better able to identify smaller segments, more specific appeals of products and more areas of product support, he says.

Many marketers also are interested in generating additional cash flow from their use of media, and a direct response feature, such as an 800 phone number for direct ordering, produces immediate sales.

Some agencies also tout a new rule of thumb for marketing budgets, an 80%-20% split between traditional campaigns and direct mail or direct response campaigns. But Mr. Colligan says there are as many exceptions as there are examples. As the two disciplines integrate, the direct marketing portion of the budget may shrink as the general agencies adopt more direct features in their ads, he says.

Stone & Adler, for example, shares several clients with its parent, Young & Rubicam USA, and maintains little distinction, he says. Both the direct marketers and the general agency staff attend all meetings, and one person from the family of com-

(Continued on Page 16)

Len Strazewski is the Ad Age associate editor who coordinated this Special Report.

Companies find marketing answer in telephone

By Richard Edel

Once associated with fast-talking, high-pressure sales pitches and products of dubious quality, telemarketing is finding new respect as an indispensable part of the corporate marketing mix.

But the transition from back room to board room has not been an easy one for telephone marketing agencies, or for some of their blue chip clients. Telemarketing still struggles with an image problem even as it evolves into a powerful marketing force in the 1980s.

> **"They . . . know that telemarketing has become an integral part of the advertising mix."**
>
> *—Dwaine L. Canova Telephone Marketing Services*

"It has only been the last three or four years that I could admit to my children what I really do for a living," says Dwaine L. Canova, president of Telephone Marketing Services, Hayward, Cal. "Most people still tend to associate telemarketing with the [tv offers for] steak knives and vegetable slicers. We have lived under a cloud for a long time."

That cloud is lifting as large and small companies are finding creative uses for telemarketing in sales, solicitation, product promotion and customer service. But the mechanics of telemarketing still remain a bit hazy to some, Mr. Canova and other agency heads say.

For example, most people think of telemarketing exclusively as outbound telemarketing, which means that a company hires an agency, such as Mr. Canova's, to place calls to regular and prospective customers. This technique most commonly is used to supplement personal selling, generate and qualify sales leads, provide customer service and improve market penetration. Outbound telemarketing was a vital fundraising force in last year's political campaigns.

Inbound telemarketing means a company hires an agency—perhaps the same agency—to answer calls from customers dialing American Telephone & Telegraph 800 service numbers.

This technique most commonly is orchestrated into the corporate advertising mix by selective placement of toll-free numbers in tv, print, outdoor and direct mail.

The use of inbound and outbound telemarketing creates a marketing synergy capable of increasing consumer response rates between 2% and 20%, according to estimates by AT&T and direct marketing agencies.

Whether the corporation is promoting a product or a service, more marketers are turning to the telephone to contain costs, expand market base and increase profits. This is true of both business and consumer advertising, agency spokesmen say.

A few spectacular telemarketing success stories are helping to convince even the most hard-boiled agency and corporate executives that it is a media to be reckoned with. For example, Quaker Oats sponsored a landmark promotion in 1981 for its Cap'n Crunch cereal that involved clever use of inbound telemarketing.

The company offered 5,000 Huffy bicycles as prizes in a sweepstakes to find the correct location of the pirate character, Jean La Foote, on special treasure maps included in each cereal box. Children were encouraged to call the company using a special 800 service number to find out if they had won.

Originally projecting 10 million calls, Quaker Oats received 24 million by the end of the four-month promotion. At peak periods, about 1 million call attempts were being made each day. Sales of the cereal increased 62%. Market share increased 33% and residual share increased 15%.

"One of the reasons it was successful was that it used the telephone," says Peter Consolazio, director-promotions, Quaker Oats, Chicago. "It is my judgment that the telephone was the key element in the promotion."

The Quaker Oats promotion and others that followed helped change the thinking of many account execs concerning inbound telemarketing.

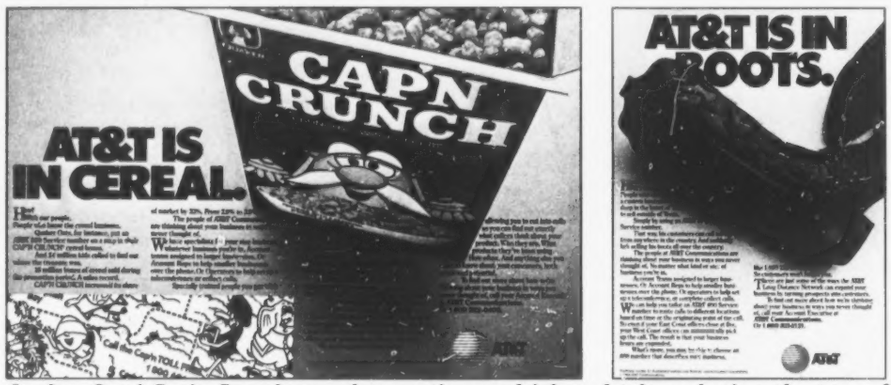
"Ten years ago, if we would have gone to an advertising agency to pitch our services, they wouldn't even have let us take our coats off," Mr. Canova says. "Now they are inviting us in to give presentations because they know that telemarketing has become an integral part of the advertising mix."

But this change of heart has as much to do with a new feel in the creative approach to advertising that uses the telephone as its direct response medium as it does with the inherent strengths of inbound telemarketing, says Ron Bliwas, president of A. Eicoff & Co., Chicago, a division of Ogilvy & Mather.

The Eicoff agency is the largest tv direct response agency in the U.S., handling accounts for *Playboy*; National Liberty Insurance; Sears, Roebuck & Co.; American Express, and Owens-Corning Fiberglas Corp., among others.

"I personally give a speech a month talking about the evolution of direct response advertising," Mr. Bliwas says. The biggest departure for corporate advertisers today from those unforgettable, hard-selling commercials of the "slicer and dicer" era is the creative component, he says.

Creative techniques, especially with tv advertising, have grown to fit the expanding array of products and services being offered, Mr. Bliwas says. No longer does the camera focus on a pair of hands performing won-



Quaker Oats' Cap'n Crunch cereal promotion used inbound telemarketing, the type of technique touted by American Telephone & Telegraph in its "AT&T is in . . . " ads.

Richard Edel has written previously for Direct Marketing Special Reports.

AT&T dials its own service

When it comes to using telemarketing to sell telemarketing services, American Telephone & Telegraph sets its own best example.

"We eat our own dog food, as the saying goes," says Pete de Tagyos, district manager for applications marketing at AT&T. "Not only have we been working on telemarketing since the 1940s, but we have internalized this technique in our own marketing efforts."

AT&T uses its own 800-Services (inbound telemarketing) and telephone answering centers as the direct response medium for a tv ad schedule that is estimated by a competitor to cost $500 million.

AT&T also uses extensive print and other media in addition to AT&T WATS (outbound telemarketing) to generate leads, cross-sell services and consult with clients. Outbound telemarketing is conducted by the AT&T Communications National Sales Center in Kansas City, Mo.

"A tremendous amount of our effort is concerned with consulting with our clients," says Dick Wagner, AT&T's telemarketing staff manager. "We take them from soup to nuts on setting up inbound and outbound telemarketing."

A measure of AT&T's success is the growing number of companies using telemarketing services and the number of calls being made. For example, interstate calls on AT&T 800 Service tripled from $911 million in 1978 to $2.8 billion in 1984.

AT&T is getting a lot of mileage in its tv advertising with testimonials from companies using telemarketing services, says Jane Kleban, AT&T's district manager for business advertising.

AT&T stresses the theme "AT&T is in . . . ." Examples include "AT&T is in cereal," which talks about the success of an inbound telemarketing campaign by Quaker Oats, and "AT&T is in boots," which shows how a boot maker uses telemarketing services.

"Another tv spot titled 'AT&T is in sales' talks about the high cost of making a sales call and concludes that the salespeople have a better chance if they qualify the buyer over the telephone using AT&T WATS and 800 Service," Ms. Kleban says.

"One primary goal was to show telemarketing applications in our advertising. The idea was to tell businesses how other businesses were using our services," she says.

Another ad goal after divestiture was to let consumers know AT&T provides long-distance phone service. This became a high priority when competition was introduced in the marketplace, she says.

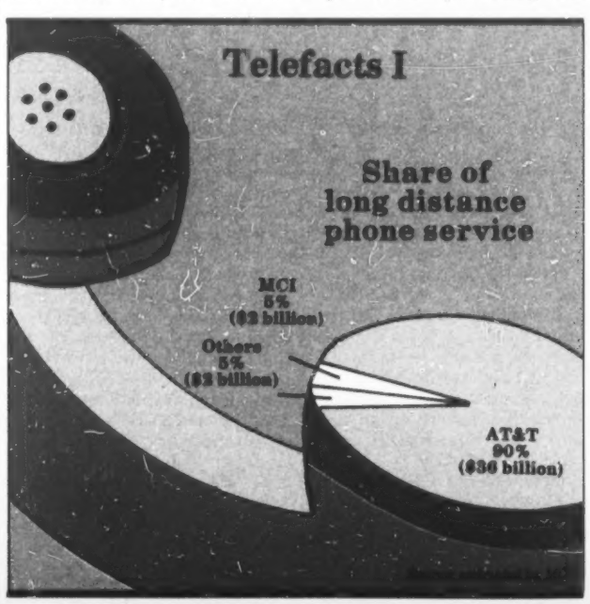
But you can bet AT&T is not likely to feature one of its users, long distance telephone service competitor MCI Telecommunications. MCI has used AT&T 800 Service combined with extensive tv advertising since 1980 to promote its alternative long distance service as costing less than AT&T.

"Our life is direct marketing," says Gary Tobin, director-communications at MCI. "When your major competition has 90% of the market, what else can you do?"

Mr. Tobin attibutes MCI's growth—from $140 million in 1980 to $2 billion in 1984—to the success of its direct response advertising.

"We saw something that could help us and exploited it from the very beginning," he says. "To find that other marketers are just discovering how successful direct marketing can be kind of makes us shake our heads."

MCI is a little irritated about paying AT&T for the privilege of using its telemarketing services. One day, MCI hopes to gain equal access to phone company facilities and technology. But that is a matter now before the courts. —*R.E.*



ders with kitchen utensils while a standup announcer tells when to dial the phone for "this amazing offer."

New creative approaches focus on quality and might include humor, slice of life, testimonial or original music and graphics.

Whatever the technique, the message must be strong enough to motivate somebody to make a phone call without jarring the consumers' sensibilities or destroying the image cultivated by a corporate ad campaign, Mr. Bliwas says.

For example, the Eicoff agency recently created a tv spot promoting Sears credit cards that shows a typical family in a slice of life.

After moving to another city, the family discovers that its new home needs a lot of unexpected essentials, which would be tough to buy without locally established credit. Luckily, the family has a Sears credit card, which is usable nationwide. The commercial reminisces about how the family has used the card to buy a snow tire when it was stranded in another state, and it ends with a walk through the departments of a Sears store to show the variety of merchandise.

A trailer film clip tells how to order a Sears card over the phone.

"The message still comes across, but in a more creative way," Mr. Bliwas says. "We would never say, 'You have to order a Sears credit card by 3 p.m. today!' Although we might generate more leads that way, it would not fit the over-all image of Sears, which is spending millions to create image and awareness advertising.

"We're very conscious of the over-all image that the client is trying to establish with the general advertising. We try to make the tone and manner of the [direct response] commercials very similar to those of the general agency," Mr. Bliwas says.

The look and feel of a direct response commercial may be so close to that of the general agency work that corporate executives might not be able to tell the difference, he says. "When [prospective clients] see the kind of stuff we're doing, they say, 'Oh! I didn't know that was a direct response ad.' You break down that barrier they may have [to inbound telemarketing] just like that. All of a sudden, they start to see it as available medium."

For some companies, inbound telemarketing has moved from viable to vital as the response medium for tv offers, says E. Daniel Capell, publisher of "Capell's Circulation Report," Ridgewood, N.J. For example, with tv offers for magazine subscription renewals, marketers of broad-based products, such as Time Inc., are finding that an 800 service number is essential.

"You simply cannot make tv [subscription offers] work without the telephone as the response device. People will not mail in their orders," Mr. Capell says. Time gets most of its new subscriptions and renewals through its direct mail subsidiaries, Publishers Clearing House and American Family Publishers, but inbound telemarketing probably has moved up to third place in importance, Mr. Capell says.

"That's pretty good, considering that 10 years ago telemarketing didn't exist," he says.

In the liquor industry, telemarketing has been used successfully to boost sales during several product introductions. For example, Detroit-based Hiram Walker listed the 1-800-Spirits, toll-free number in print and outdoor ads during its introduction last September of Haagen-Dazs Creme liqueur.

The use of telemarketing sold 30,000 gift-box bottles through the fourth quarter, says Sandy Weisenauer, group manager-cordials at the distiller. "Even though it was a new product, it outsold many major brands," she says.

Why telemarketing can be so effective in strategic advertising is a matter of little debate in the industry. Telemarketing is interactive, immediate and cost effective, says Pete de Tagyos, district manager of applications marketing at AT&T. But above all, it opens a personal line of communication with the customer.

Mr. de Tagyos says he believes the human interaction gives telemarketing a competitive edge over direct mail or mass media campaigns that make no provision for a response medium.

Perhaps this helps to explain the long-term success of companies such as General Electric, which has made huge investments over 40 years in the personnel and technology to support inbound and outbound telemarketing for sales and support of its products, he says.

The GE Answer Center, based in Louisville, Ky., employs about 200 telephone communicators and is featured prominently in GE advertising.

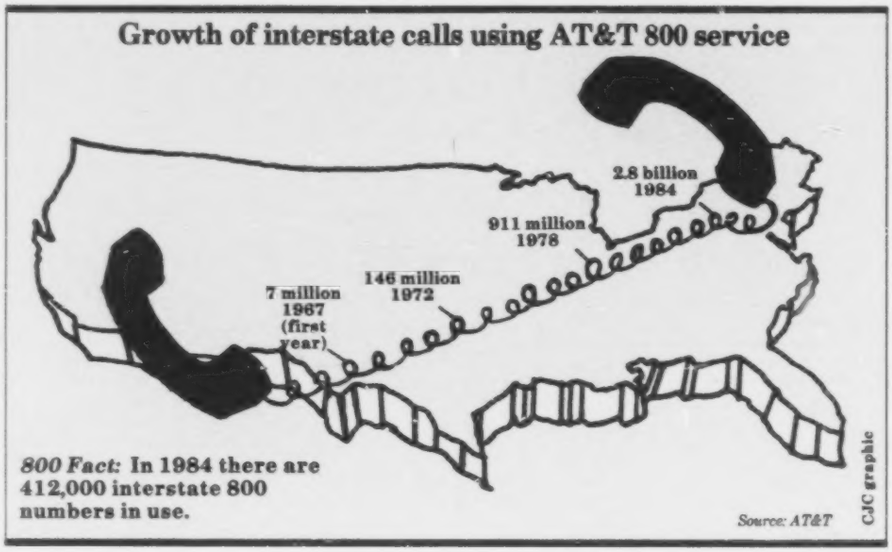
"This hand-holding that goes with the purchase of a product is a natural extension of GE's marketing strategy and its view of the consumer," Mr. de Tagyos says. "They're telling the consumer that we really want your business and we're going to work for it."

For a demonstration of the effectiveness of telemarketing in building brand and product loyalty, consider its spread into tv news and entertainment shows, Mr. de Tagyos says. ABC's "Nightline" and the syndicated "American Bandstand," for example, have both used this technique with AT&T's DIAL-IT 900 Service, as have a number of local tv stations, he says.

"If you think about the voting aspects of these shows from a marketing standpoint, consumers have a chance to participate, or to become involved in the end product, and their loyalty to that show is enhanced," Mr. de Tagyos says. "This participation is a great contrast to the dehumanizing approach of mass media, and it turns people on.

"It may seem like a dichotomy, but telemarketing is the only medium that is capable of personalizing the appeal of mass marketing," he says. "There is no replacement for talking with somebody in a personal, human way. A lot of companies feel that this is worth its weight in gold.

"We think that the rise of telemarketing is going to have a profound impact on the business of mass marketing and mass promotion."



Telefacts II
Telemarketing will increase mail response rate
Example
If the mail response rate is 2%—telemarketing can develop an additional response rate of 4% to 20%.
Source: AT&T Telephone Marketing Services, Inc.

Personal touch finds new fans

Telemarketing sometimes is described as a "high-tech/high-touch" advertising medium because it relies on sophisticated technology for a very human purpose: Making person-to-person contacts.

This tool is making inroads into areas such as banking and real estate, that traditionally are not known for direct response advertising, but nonetheless require a lot of personal selling.

For instance, when Royal Palm Ranch Developers, a development of 134 townhouses near Chino, Cal., began its marketing effort last fall, it got very little response from newspaper display ads, a company spokesman says. So the developers hired Response Technologies, Redondo Beach, Cal., a direct response agency, to come up with a strategy that worked.

"Advertising in the real estate sections of the local newspapers was completely unsuccessful because Royal Palm was competing with 50 or 60 other companies trying to market subdivisions," says Lance Douglas, owner of Response Technologies.

Mr. Douglas' solution was to create a 60-second tv spot showing the property and its amenities. The commercial included an 800 number viewers could call for a free map to the site and a brochure.

"When the tv commercial aired, we went from zero inquiries to about 500 per week," Mr. Douglas says. A market test for December generated 1,200 leads. "This shows the power of direct response advertising, if it's done correctly," he says.

Banking is another industry that relies on establishing a personal relationship with the customer, says Bruce McBrearty, president of CMG Telemarketing, Alexandria, Va.

That's the reason Maryland National Bank selected CMG for an outbound telemarketing campaign last year aimed at drawing customers for a new, high-interest savings account with a checking option.

The Baltimore-based bank already had conducted an extensive direct mail campaign in high-income areas identified by census tract, and it was interested in using the telephone to contact prospects who didn't respond.

"We realized that it wouldn't be easy to sell noncustomers on a new banking relationship," Mr. McBrearty says. So CMG brainstormed for all possible objections a potential customer might have to changing banks. A script then was prepared, which dealt with the main objections, and CMG's telephone communicators were briefed about the bank, the savings account and its best selling points.

The telephone campaign resulted in a 15% positive response from the people contacted. The cost per completed call was $2.77, which Mr. McBreaty says is very low for a new program.

Despite a growing number of successful direct response campaigns in industries such as banking and real estate, corporations only now are beginning to take notice, Mr. McBrearty says.

"Many people still see telemarketing as an answering service, as opposed to a marketing vehicle that can qualify sales, generate sales leads, cross-sell products, improve customer relations and be used as an effective sales tool," he says.

It is for these reasons that the big insurance companies have "jumped into telemarketing with both feet," Mr. McBrearty says. Companies such as National Liberty Insurance Co. and Colonial Penn Insurance Co., among others, are extensive users.

Telemarketing companies and ad agencies are beginning to say, "Yes, telemarketing works, but how can we do it better," he says. "We're still only at the awareness stage of what telemarketing can do." —*R.E.*

Scenes

(Continued from Page 13)
panies oversees the project.

"We need to work in concert. Direct marketing is also benefiting from the relationship. There is more sharing of creative people, more sharing of such things as graphics and greater awareness of the use of media," Mr. Colligan says.

Many of the newer integrative marketing approaches are the results of the continuing alignment of general agencies and direct marketers.

Most of the major general agencies now have some internal or subsidiary direct marketing capability—or are working to acquire some.

For example, Kenyon & Eckhardt of New York in January acquired Cinamon Associates, Brookline, Mass., a privately held direct response agency.

"It's amazing how comfortable the marriage is, both from an organizational standpoint and from a disciplinary perspective," says Tom Mahoney, senior vp-general manager of the K&E Boston office. "We are working

ERDM developed a direct response campaign for Christie's.

with one strategy and one collective effort, and that seems to be the wave of the present and future.

"In the 1960s, clients were buying pieces of their marketing. Now they want one-stop shopping," he says.

A. Harvey Cinamon, president of K&E/Cinamon Associates, agrees. "Without a direct response capability, many general agencies will find their clients going elsewhere," he says.

Mr. Cinamon is visiting K&E offices around the country, lecturing on integrating general and direct agency work.

"Most often, we are seeing the basic strategy being developed by the general agency and then the direct marketing arm takes off from there. This gives continuity and economy."

One independent direct marketing agency, Ernan Roman Direct Marketing, New York, has made the development of a broad base of skills a company priority, president Ernan Roman says.

The agency specializes in integrative marketing, he says, and has developed a "guild" approach to finding key resources. ERDM maintains a working relationship with independent marketing personnel in the major creative and media specialties.

Though "guild" looks a lot like what marketers used to call "free lance," Mr. Roman says it differs greatly. "I deal only with principals, not greenhorns in the business. I'm dealing with some of the best available talent."

Regardless of what it is called, the technique is probably the wave of the future for small, independent agencies, which will have a continuing need for an expanding roster of disciplines in both the general creative and direct areas.

ERDM has applied the guild concept in developing direct response campaigns for such clients as Christie's, the London-based auctioneer, Citibank and others.

The Christie's campaign, for example, required that the client maintain an ongoing client base and promote its affluent image.

The result was the Christie's Society, a club of affluent art lovers who receive regular publications on Christie auctions.

"The creative end needed a variety of talent, including the best direct mail copywriters, experts in packaging and price testing, and the best in general agency art direction," Mr. Roman says.

"If there is one thing direct marketers have learned from the general agency business, it's that direct mail must be as artistic as more general work. Our Christie's publications had to be beautiful to make it."

Stan Rapp, chairman of Rapp & Collins, New York, Doyle Dane Bernbach's direct response company, also notes the growing synergy between direct and general agencies.

It was inevitable, he said in a speech late last year.

Introducing a new pilot study on the state of direct marketing conducted by Simmons Market Research Bureau, Mr. Rapp remarked on the expanding presence of direct marketing and its continuing use by all types of marketers.

"We are at the beginning of an era in which newly emerging industries will turn to direct marketing as naturally as mass marketers once turned to retail distribution. The question is no longer whether a company will use direct marketing, but how it will be used," he said.

Since his speech last year, the development of direct marketing in new areas has continued, he says.

"What I have seen happening is an acceleration of the trend toward developing a customer data base in whole new segments of the market. Liquor advertising, for example, has sprouted 800 numbers offering direct sales, so now the ads provide not only product awareness, but also sales and an accumulation of buyer data that can be used for other direct marketing purposes."

The perfume industry has also aggressively taken to direct sales, he adds. "A few months ago, a perfume sample and direct sales offer in a magazine ad was new. Now it's standard."

The Simmons study agrees with his observations.

Product sales alone, the most visible segment of the direct marketplace, generated about $5.2 billion in 1984 and nearly 48% of surveyed households placed direct response orders during July for a total of about 137 million orders. The average number of orders placed was 1.6 a household.

Apparel orders led the way with about 18% of the total during the survey month, followed by charitable contributions with 12% of the total, magazine subscriptions with 7% and several categories of home accessories with 4%.

Direct mail letters and catalogs generated nearly half of the orders, about 24% for each vehicle, respectively, followed by telephones and circulars with 7% each and magazine ads with 6% each.

Continuing payments for a variety of services including banking and insurance, communications, subscription renewals and newspaper delivery and clubs generated more than $6.5 billion in sales in 1984.

About 43% of surveyed households made some kind of continuing payment during the survey month for an average payment of 1.6 a household.

Financial, banking and insurance services led the category with 39% of the total, followed by publication subscriptions with 20%, and book and auto clubs with 16%. Cable tv fees accounted for about 9% and continuing contributions accounted for 4% of the total.

The survey also noted a surprising acceptance for direct mail and telephone. More than two-thirds of the households surveyed said they open all advertising mail and only 3% said they throw solicitations away without opening them. About 53% said they get "about the right amount" of advertising mail and 5% would like more. However, 42% said they wanted to see less direct mail.

More than half of the households surveyed reported that they listen to all inbound telemarketing calls; 42% said they listen to some of the calls, and only 7% said they hang up on all sales calls.

Telephone calls, however, were not popular. About 74% said they would like to receive fewer calls and only 24% said they were getting about the right amount.

Despite some positive results, respondents indicated direct marketing still has a way to go in the eye of the consumer.

About 50% of the households surveyed said they were very or extremely satisfied with the results of direct marketing and about 34% said they were somewhat satisfied.

But about two-thirds of the respondents said they were extremely or very satisfied with the results of retail shopping trips, and 29% said they were somewhat satisfied with the retail experience.

About 83% of the households disliked something about direct marketing, with 41% noting some perceived deception, including poorer quality than expected, misleading ads and substitutions.

Among the leading complaints, about 32% commented on a lack of product information, especially the inability to see products before purchase and the difficulty determining proper sizes of apparel.

About 20% complained of slow service.

Despite these negatives, Mr. Rapp, whose agency sponsored the study for the DMA, noted in his introduction that the real news of the study is the growing parity between direct marketing and other marketing and distribution techniques.

"For every dollar spent by the consumer in department stores, apparel stores, drugstores, hardware stores and every other type of store you can think of, the consumer spent 37.5 cents at home ordering goods and services by mail or phone or making payments for continuity services. That's more than anyone would have guessed."

The percentage has probably grown since last year, Mr. Rapp now says.

"Since the study was released, we have had many new industries enter direct marketing, including liquor and perfume. Our segment must be growing."

Direct marketing miscues

What is disliked most about direct marketing

Dislike something	**83%**
Deception	**41%**
Lack of information	**32%**
Service	**20%**
Inconvenience	**16%**
Expense (shipping)	**7%**
Miscellaneous	**8%**
Disliked nothing	**1%**
Don't know/no answer	**16%**

Source: "Simmons Direct Marketing Study," Simmons Market Research Bureau

Telemarketing responses

Reactions to advertising phone calls

How usually handled	
Hang up on all	**7%**
Listen to some	**42%**
Listen to all	**51%**
Amount household would like	
More	**2%**
Less	**74%**
Getting right amount	**24%**

Source: "Simmons Direct Marketing Study," Simmons Market Research Bureau

Direct mail reactions

How usually handled	
Immediately throw away	**3%**
Open some	**30%**
Open all	**67%**
Amount household would like	
More	**5%**
Less	**42%**
Getting right amount	**53%**

Source: "Simmons Direct Marketing Study," Simmons Market Research Bureau